



IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA
Alexandria Division

UNITED STATES OF AMERICA)

v.)

IBN MUQUADDIN SHAFI,)

Defendant)

Case No. 1:09-MJ- 310

AFFIDAVIT IN SUPPORT OF CRIMINAL COMPLAINT

I, Heather Melendez, being duly sworn, do hereby state:

I. INTRODUCTION

1. I am a Special Agent of the Federal Bureau of Investigation ("FBI") and have been so employed since December 9, 2007. I am currently assigned to a white collar squad at the Washington Field Office, Northern Virginia Resident Agency, in Manassas, Virginia. In that capacity, I am familiar with investigations involving various types of financial crimes, including bank fraud, securities fraud, mortgage fraud, mail fraud, and fraud by wire.

2. By virtue of my experience and training as a Special Agent, I am familiar with investigations involving individuals who have devised or intended to devise schemes and/or artifices to defraud, or obtain money or property by means of false or fraudulent pretenses, representations, or promises.

3. This affidavit is submitted in support of an application for a criminal complaint and arrest warrant charging IBN MUQUADDIN SHAFI (hereinafter referred to as SHAFI), doing business as YASIK GROUP, LLC, with the crime of wire fraud in violation of Title 18, United States Code, Section 1343.

4. As a result of my personal participation in the investigation referred to in this affidavit, including interviews of victims, witnesses and bank personnel, extensive reviews of bank account records, and numerous database checks, I am familiar with the facts and

1 circumstances of this investigation. I have not set forth every detail known to me or the
2 government about this investigation, but rather, only those facts I believe are necessary to
3 support probable cause. On the basis of my familiarity with this investigation, I have
4 determined the following:

5 **II. SUMMARY OF CASE**

6 5. Based on interviews of numerous victim/witnesses, as well as an analysis of
7 SHAFI's finances for a two and a half year period, it appears that SHAFI is conducting an
8 orchestrated scheme to defraud wherein he holds himself as a real estate developer as part
9 of a scheme to obtain funds from investors. SHAFI uses his purported real estate
10 experience, and provides false tax returns and financial statements to entice individuals to
11 invest in his various projects. In furtherance of his scheme, he then fails to use the investor
12 and/or lender proceeds for their intended purpose.

13 **III. OVERVIEW OF CASE ESTABLISHING PROBABLE CAUSE**

14 6. In or about November 2004, SHAFI convinced investors known as W-1, W-2,
15 and W-3 to invest \$300,000 in a land development project called the BELLES AT MALTA,
16 near Saratoga Springs in Malta, New York. SHAFI told W-1 that the money would be used
17 for clearing the land, permits, zoning, travel expenses, engineering drafts and other
18 expenses necessary to prepare the land for further development for a nano technology
19 company. SHAFI assured both W-1 and W-2 that the \$300,000 would be used directly for
20 the project.

21 7. On or about March 7, 2005, W-1, W-2, and W-3 signed a joint venture
22 agreement with SHAFI. W-1, W-2, and W-3 agreed to invest \$300,000, in, according to the
23 agreement, "a development in Saratoga County, New York" and were promised a return of
24 \$1 million for their investment. Initially, the \$300,000 was supposed to be paid in \$50,000
25 monthly increments over six months. However, due to SHAFI continuously pressing for
26 the payments, the entire \$300,000 was paid to SHAFI within three months.

27 8. According to W-1, once the \$300,000 was funded, SHAFI became difficult to
28 reach and would not take or answer his calls with regularity anymore. In early 2006, W-1

1 learned that SHAFI had not been paying GEORGE ROSE, the BELLES AT MALTA
2 financial officer. W-1 also learned that ROSE had been using ROSE'S own money for
3 project related travel. At this time, W-1 began requesting copies of receipts from SHAFI to
4 determine what he had spent the \$300,000 on. Despite promises to provide them, SHAFI
5 has never done so.

6 9. On February 26, 2008, Special Agents JOHN C. COTTER and MICHAEL P.
7 KELLY interviewed SHAFI, at which time he provided a signed statement admitting that he
8 misled W-1, W-2, and W-3 in order to induce them into giving him the \$300,000. SHAFI
9 claimed to have a lot of overdue personal business and business bills that needed to be paid
10 as soon as he received any of the \$300,000.

11 10. Contrary to SHAFI's assertion that he spent \$200,000 of the \$300,000
12 directly on the project, the investigation has revealed that only approximately \$23,733 went
13 towards the project. The remaining funds were spent on a variety of non-MALTA related
14 uses, including BMW payments, a BMW for a girlfriend, rugs, artwork, spa treatments, and
15 personal utilities. Other non-MALTA related expenditures included payments of personal
16 loans, numerous payments to other investors, a \$65,000 settlement payment in an unrelated
17 civil case, dining, clothing, accessories, and many other self evident personal expenses.

18 11. From all appearances, SHAFI used the bulk of the \$300,000 investment to
19 fund his own personal lifestyle. He spent the entire \$300,000 within approximately five
20 months, using only approximately \$23,733 for its intended purpose. During this period of
21 time, the W-1, W-2, W-3 investment was the only source of outside income derived by
22 SHAFI.

23 12. SHAFI hired ROSE as a consultant to assist with the BELLES AT MALTA
24 project in March 2005. Their agreement called for SHAFI to make \$6,500 monthly
25 payments to ROSE plus expenses to be invoiced each month. Despite their agreement,
26 SHAFI failed to reimburse ROSE for his expenses and pay the \$6,500 monthly invoices for
27 ROSE'S work on the BELLES AT MALTA project until 2006. According to ROSE,
28 SHAFI also neglected to pay other vendors who provided services to the project. Because

1 services were not being paid, no engineering work was being done on the MALTA project
2 during this time. Beginning around July 2005, ROSE received an increasing number of
3 complaints from vendors about unpaid bills.

4 13. It was not until 2006, after ROSE had spent a good deal of time on the
5 MALTA project, that he learned that W-1 and two others had invested \$300,000. ROSE
6 advised that he should have known about this investment and that it should have been
7 segregated into a separate account with the other project expenditures.

8 14. In an effort to compile accurate models, ROSE constantly reminded SHAFI
9 that he needed all receipts and cancelled checks documenting project expenditures. In spite
10 of ROSE'S efforts, SHAFI rarely provided him with documentation relating to expenses.

11 **IV. ANALYSIS OF THE SCHEME**

12 15. SHAFI received a total of ten checks from W-1 and W-2. SHAFI deposited
13 the proceeds into his YASIK GROUP, LLC accounts at Provident Bank, BB&T and M&T
14 Bank.

15 **Payment #1 - March 5, 2005**

16 16. SHAFI received the first payment, in the amount of \$30,000, on March 5,
17 2005. According to SHAFI, instead of depositing this check directly into his account, he
18 went to the payor bank, M&T BANK, to purchase a cashier's check in order to have access
19 to the funds right away. SHAFI then went to Provident Bank's Dulles Branch, located at
20 2545 Centreville Road, Herndon, Virginia 20171, and deposited the cashier's check into his
21 account number -7368, held in the name YASIK GROUP, LLC on March 7, 2005.

22 17. Prior to receiving \$30,000 on March 5, 2005 from W-1, SHAFI had a balance
23 of \$1,540.19 in his YASIK GROUP, LLC, PROVIDENT BANK account number -7368.
24 During this time, SHAFI was behind on rent payments to WATCH HOLDINGS, LLC for
25 his office space.

26 18. On March 3, 2005, two days prior to signing the BELLES AT MALTA
27 contract, SHAFI wrote check #4220 from PROVIDENT BANK account number -7368, in
28 the amount of \$10,774.12, payable to WATCH HOLDINGS, LLC with a note in the memo

1 field stating "January & February Rent plus CAMS" and check #4221 in the amount of
2 \$5,387.06, payable to WATCH HOLDINGS, LLC with a note in the memo field stating
3 "March Rent and CAMS."

4 19. On March 7, 2005, after receiving the \$30,000 W-1/W-2/W-3 payment dated
5 March 4, 2005, SHAFI wrote check #4227 from PROVIDENT BANK account number -
6 7368, in the amount of \$3,500, payable to WHM INVESTMENTS with a note in the memo
7 field stating "Interest Payments (2)." BILL MILLER of WHM INVESTMENTS is a
8 SHAFI investor and Orange, Virginia realtor who apparently borrowed \$4 million to \$5
9 million on SHAFI'S behalf for an Orange, Virginia project called KNOB HILL.

10 20. On March 8, 2005, after receiving the \$30,000 W-1/W-2 payment on March
11 5, 2005, SHAFI wrote check #4225 from PROVIDENT BANK account number -7368, in
12 the amount of \$2,700, payable to SERGE SEFECME with a note in the memo field stating
13 "...Investment repay."

14 **Payment #2 - March 9, 2005**

15 21. On March 9, 2005, SHAFI deposited a
16 second check in the amount of \$160,000 into his PROVIDENT BANK account number -
17 7368, held in the name YASIK GROUP LLC. Again, SHAFI purchased a cashier's check
18 in order to gain access to the money right away.

19 22. On March 9, 2005, after the W-2 deposit above, SHAFI wrote check #4228
20 from PROVIDENT BANK account number -7368, in the amount of \$1,650, payable to
21 SECURITY FINANCIAL with a note in the memo field stating "loan repayment plus
22 interest."

23 **Payment #3 - March 10, 2005**

24 23. On March 10, 2005, SHAFI deposited a third check in the amount of \$10,000
25 into his PROVIDENT BANK account number -7368, held in the name YASIK GROUP
26 LLC. This check reflected a medallion guarantee, again providing SHAFI with access to
27 the money right away.

1 24. On March 11, 2005, after the W-1/W-2 deposit above, SHAFI wrote check
2 #4231 from PROVIDENT BANK account number -7368, in the amount of \$5,000, payable
3 to SHARON JOHNSON with a note in the memo field stating "Loan Repay." SHARON
4 JOHNSON is the name of SHAFI'S mother. According to an interview with ANITA
5 KAYSER, SHAFI's ex-girlfriend, it is also the name of a woman who was constantly
6 calling SHAFI to get him to repay money he owed her.

7 25. On March 12, 2005, after the deposit above, SHAFI wrote check #4235 from
8 PROVIDENT BANK account number -7368, in the amount of \$5,000, payable to SHELLY
9 L. GARRET. During an interview, GARRET could not recall the purpose of the above
10 check. She stated that while she and SHAFI were dating, he would occasionally loan her
11 money.

12 26. On March 14, 2005, after the deposit above, SHAFI wrote check #4236 from
13 PROVIDENT BANK account number -7368, in the amount of \$1,860.42, payable to
14 DOROTHEA C. LASSITER with a note in the memo field stating "Severance/Separation
15 Payment." DOROTHY LASSITER is the name of a woman who briefly worked for
16 SHAFI.

17 27. On March 21, 2005, after the deposit above, SHAFI wrote check #4244 from
18 Provident Bank account number -7368, in the amount of \$65,000, payable to Provident
19 Bank, on a settlement on a civil suit, with a note in the memo field stating
20 "settlement/purchase."

21 **Payment #4 - May 4, 2005**

22 28. On May 4, 2005, SHAFI deposited a fourth check in the amount of \$10,000
23 into his PROVIDENT BANK account number -7368, held in the name YASIK GROUP,
24 LLC. This check reflected a medallion guarantee, again providing SHAFI with access to
25 the money right away. Prior to depositing this check into his account SHAFI had a negative
26 balance of (\$7,677.06).

1 29. On May 10, 2005, after the deposit above, SHAFI wrote check #4271 from
2 PROVIDENT BANK account number -7368, in the amount of \$7,509.73, payable to
3 WATCH HOLDINGS, LLC with a note in the memo field stating "April/May Rent."

4 **Payment #5 - May 13, 2005**

5 30. On May 16, 2005, SHAFI deposited a fifth check in the amount of \$15,000
6 into his BB&T BANK account number -3677.

7 **Payment #6 - May 16, 2005**

8 31. On May 16, 2005, SHAFI deposited a sixth check in the amount of \$5,000
9 into his PROVIDENT BANK account number -7368, held in the name YASIK GROUP,
10 LLC. Prior to depositing this check into his account SHAFI had a negative balance of
11 (\$1,039.66).

12 32. On May 19, 2005, after the deposit above, SHAFI wrote check #4272 from
13 PROVIDENT BANK account number -7368, in the amount of \$10,000, payable to RUG
14 HOME, INC. Shortly thereafter, this check was returned due to insufficient funds in
15 SHAFI'S account.

16 **Payment #7 - May 20, 2005**

17 33. On May 20, 2005, SHAFI deposited a seventh check in the amount of
18 \$10,000 into his PROVIDENT BANK account number -7368, held in the name YASIK
19 GROUP, LLC. This check reflected a medallion guarantee, again providing SHAFI with
20 access to the money right away. Prior to depositing this check into his account SHAFI had
21 a balance of \$960.34 in his account.

22 34. On May 27, 2005, after the deposit above, SHAFI wrote check #4278 from
23 PROVIDENT BANK account number -7368, in the amount of \$5,000, payable to BMW OF
24 STERLING.

25 **Payment #8 - May 27, 2005**

26 35. On May 27, 2005, SHAFI deposited an eighth check in the amount of
27 \$10,000 into his BB&T BANK account number -3677.
28

Payment #9 - June 1, 2005

36. On June 1, 2005, SHAFI deposited a ninth check in the amount of \$15,000 into his M&T BANK account number -8462, and then received \$5,000 cash back. Prior to depositing this check into his account SHAFI had a balance of \$50.00 in his account.

Payment #10 - June 7, 2005

37. On June 7, 2005, SHAFI deposited a tenth and final W-1/W-2 check in the amount of \$35,000 into his M&T BANK account number -8462. By September, 7, 2005, SHAFI had a negative balance of (\$75.05) in his account.

V. WIRE FRAUD

38. According to ROBERT MICHAEL NEWMAN at PROVIDENT BANK'S OPERATION CENTER in Baltimore, Maryland, all checks originating from an M&T BANK, that are deposited into a PROVIDENT BANK account in Virginia, are taken to a proxy called FIDELITY NATIONAL INFORMATION SERVICES ("FNIS") in Sterling, Virginia. For each check received, FNIS sends an electronic posting file containing pertinent information on the check to a core processor called METAVANTE CORPORATION, located in Milwaukee, Wisconsin. All W-1/W-2 checks originated from an M&T BANK. A total of six out of the ten checks were deposited into SHAFI's PROVIDENT BANK account number -7368 located in Virginia.

VI. CONCLUSION

39. Based upon the above information, I believe that on or about March 9, 2005, IBN MUQUADDIN SHAFI committed wire fraud within the Eastern District of Virginia in violation of Title 18, U.S.C. § 1343.

40. Therefore, I respectfully request that a criminal complaint charging IBN MUQUADDIN SHAFI with the crime of wire fraud be authorized and that an arrest warrant be issued to any duly authorized Officer of the United States to arrest IBN MUQUADDIN SHAFI.

1 41. Further your affiant saith not.
2
3

4 

5 Heather Melendez
6 Special Agent
7 Federal Bureau of Investigation
8 Manassas, Virginia
9
10

11 SUBSCRIBED AND SWORN BEFORE ME THIS 30th DAY OF APRIL, 2009 AT
12 ALEXANDRIA, VIRGINIA.
13

14 /s/Thomas Rawles Jones, Jr.

15 THE HONORABLE THOMAS RAWLES JONES, JR.
16 UNITED STATES MAGISTRATE JUDGE
17
18
19
20
21
22
23
24
25
26
27
28